



Missouri Department of Natural Resources

MINUTES

MISSOURI SOIL AND WATER DISTRICTS COMMISSION

DNR CONFERENCE CENTER

JEFFERSON CITY, MISSOURI

January 25, 2005

COMMISSION MEMBERS PRESENT: John Aylward, Elizabeth Brown, Larry Furbeck, Leon Kreisler, Philip Luebbering, and Kirby VanAusdall

EX-OFFICIO MEMBERS: FRED FERRELL, DEPT. OF AGRICULTURE: Dan Engemann; **MICHAEL D. WELLS, DEPT OF NATURAL RESOURCES:** Scott Totten

ADVISORY MEMBERS PRESENT: SOIL & WATER CONSERVATION PROGRAM: Sarah Fast; **NRCS:** Dwaine Gelnar; **MASWCD:** Peggy Lemons

STAFF MEMBERS PRESENT: Davin Althoff, Gary Baclesse, Jim Boschert, April Brandt, Chris Evans, Noland Farmer, Rose Marie Hopkins, Gina Luebbering, Dean Martin, Theresa Mueller, Marcy Oerly, James Plassmeyer, Josh Poynor, Jeremy Redden, Ron Redden, Judy Stinson, Ken Struempfh, Chris Wieberg, Bill Wilson

OTHERS PRESENT: LEGISLATORS: Representative Tom Loehner; **DISTRICTS:** OSAGE: Ken Franken, Cindy Deornellis, Lana Hackman, Stephen Morefeld, Mark Stewart, Charles Stieffermann; **STATE OF MISSOURI: ATTORNEY GENERAL'S OFFICE:** Zora Mulligan; **DEPT OF NATURAL RESOURCES:** Pam Bax, Kerry Cordray, Nicole Ross, Trent Summers; **OTHERS:** MAWC: Tim Ganz; **INDIVIDUALS:** Donna Backes, Kenny Backes, Chris Boeckmann, Dan Brandt, Don Brandt, Marty Brandt, Elmer Broker, Luke Deeken, Harold Jaegers, Lois Jaegers, Rusty Jaeger, Richard Kirsch, Dorothy Kremer, Harry Kremer, Brad Peters, Wayne Peters, Raymond Rustemeyer, Mark Stewart, Don Stieffermann

A. CALL TO ORDER

Chairman Elizabeth Brown called the meeting to order at the DNR Conference Center in Jefferson City, Missouri, in the Bennett Spring/Roaring River Room at 8:40 a.m.

B. MINUTES OF THE LAST MEETING

Larry Furbeck made a motion to approve the minutes of the November 29, 2004 commission meeting as mailed. Kirby VanAusdall seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Leon Kreisler, Philip Luebbering, Kirby

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VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

Elizabeth Brown introduced Dan Engemann who was representing the Department of Agriculture, and Trent Summers representing Boards and Commissions, Dwaine Gelnar who was filling in for Roger Hansen from Natural Resources Conservation Service (NRCS), and Zora Mulligan who was the new representative from the Attorney General's Office.

Scott Totten introduced his new Deputy Director Pam Bax, and her assistant Nicole Ross, and Kerry Cordray Public Information.

C. PLANNING

1. Strategic Planning – Steve Jeanetta

Steve Jeanetta presented an update on the strategic planning process. Mr. Jeanetta provided a condensed copy of the priorities of the eight areas to the table. These priorities will be used to create the priorities for the state.

The general priorities or themes that came out of the area meetings were, education, soil conservation, changing land use, water issues, and organizational development. Soil conservation was identified as the most important theme amongst those who participated in the program at the annual training conference. Some of the sub themes for this were development of cost-share programs, creating and maintaining structural and best management practices on the ground, technical assistance programs, and conservation implementation. The two different kinds of themes were core work that the program does and the other was supportive. The core work consisted of soil conservation, water issues, and changing land use and the supportive consisted of education and organizational development.

Under the general priorities, farmland preservation was an issue that crossed a variety of different themes including changing land use. Also under general priorities was the tax renewal.

When asked if there was any theme that stuck out more than others that would impact a campaign or public relations issue, Mr. Jeanetta stated it depended on what you would want to emphasize, but over all there was not one that covered issues across the state. When asked, Sarah Fast acknowledged that the main emphasis was on soil and water conservation, but after that it was more and better programs.

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Mr. Jeanetta stated that what was emphasized in the regional meetings was the importance of the work. When talking about soil conservation, people were concerned about preserving the programs that they currently have. With regard to water issues, one area of importance was learning how to measure effectiveness, but also how the program fits into this issue. What came out of changing land use was addressing the increasing number of potential customers. With education and outreach was what relationship does the organization want to do to address the issue? Does it facilitate, develop resources, or work with other partners.

Elizabeth Brown stated she thought the districts felt that they had a big part in the input of information provided to the commission for the planning process. Mr. Jeanetta stated that was a very important part and that the challenge is to keep their work connected to what the commission develops or adopts for the overall plan.

Next, Mr. Jeanetta proceeded to break down and cover the sub themes for soil conservation, water issues, and changing land use that were provided to the commission. In response to a statement about learning from completed, successful Special Area Land Treatment (SALT) projects, after some discussion Mr. Jeanetta stated that he would include the addition of new practices developed from SALT projects and adopt them into cost-share under the soil conservation theme. John Aylward stated his concern was that all the water issues fell under a sub theme of soil conservation because he did not see a separation of water and soil conservation. Mr. Jeanetta stated that some people are more concerned about water aspects of conservation work because they identify with water issues more as it relates to their conservation efforts. When asked how the commission could justify cost-share to maintain existing septic systems, Mr. Jeanetta answered there were a number of items the commission could not support due to the commission's current parameters. When asked about zoning, Mr. Jeanetta stated there were about 15 counties in the state that has zoning. Larry Furbeck asked that once the zoning is changed from an agricultural designation to another use, technically the commission could not provide financial assistance. Sarah Fast answered there would be a level of technical assistance that local staff can provide, such as where to direct them for more assistance. Scott Totten stated there is no set definition of what agricultural is unless the county has a zoning definition.

Mr. Jeanetta reiterated that soil conservation, water issues, and changing land use were the themes that came up the most in discussions. The commission was informed that the last two themes would be covered at the next meeting

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2. NRCS Update on Federal Fiscal Year (FY)04 - Dwaine Gelnar

Dwaine Gelnar presented an update on NRCS funding in FY04. Funding for financial assistance in United States Department of Agriculture (USDA) has risen over the past few years.

For Environmental Quality Incentive Program (EQIP) assistance in FY00, the funding was \$3,424,000 and by FY04, the amount had increased to \$18,057,145. The reason for the increase was due to the 2002 Farm Bill. For FY05, the initial allocation is \$17,995,900. It is anticipated there might be additional funding later in the year. USDA is required to spend Farm Bill program funds equitably in every state. Each state receives a minimum of \$12,000,000. If a state does not use all of its funding, it will be reallocated to states that need it.

In FY04 in Missouri, it was decided to allocate the funds to each county. The minimum allocation for each county was approximately \$120,000 per county. In FY04, EQIP received 1,936 applications and funded 1,520 of them with the average contract of \$11,880. A large amount of the funding went for water quality-type practices, such as nutrient management, pest management, and animal waste. The current national priority is water quality practices. Another requirement is that 60 percent of the EQIP financial assistance has to go to livestock operations. In FY04, approximately 64 percent of all Missouri EQIP funding went to livestock operations, and almost all applications were funded. There were 621 applications received and 590 were funded for a total of \$11,502,279. Of the \$18,057,145 for FY04 EQIP contracts, \$3,716,480 went for animal waste, \$1,235,372 for animal waste and grazing, \$6,550,427 for grazing, and \$6,554,866 for other resources concerns. There was a total of 165 contracts for animal waste practices. Those contracts were made up of 15 beef contracts, 36 chicken, 19 dairy, 59 swine, and 9 others.

The Farm and Ranchland Protection Program (FRPP) is designed to keep farm and ranchland in production. In FY04, this program received \$642,100.

The Grassland Reserve Program (GRP) is a new and very popular program. It is closely related to the Conservation Reserve Program (CRP), but it centers on areas that are already in grass. It is designed to keep those areas in grass. The idea is to prevent these areas from being converted to non-agricultural use or to cropland use. Missouri received \$3,300,000 for GRP in FY04, but received over \$24,000,000 in applications, so only 12 percent of the total applications were funded.

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The Wildlife Habitat Incentives Program (WHIP) in Missouri received approximately \$640,000. The funding is allocated out to regions instead of counties. The funds are for diversifying, protecting, and restoring habitat.

The Wetland Reserve Program in FY04 in Missouri received \$18 million for a total of 9,558 acres. In FY04, the total of unfunded applications totaled 358 for a total of 28,812 acres. Mr. Gelnar informed the commission that this program received \$10,000,00 for FY05.

In 2004, the Conservation Security Program was a pilot with one watershed in the Bootheel area and was well received. They received 104 contracts in FY04. At the present, the funding is being done according to watersheds. For FY05, six watersheds were approved.

When asked when the CSP sign up period would be, Mr. Gelnar answered that it had not been established yet. In response to a question regarding CRP funding when the CRP contracts expire in FY07, Mr. Gelnar stated there would be more interest as CRP contracts expire, but funding may not be available. CRP is primarily a program of establishing wildlife habitat, not just a program of establishing grass for soil conservation. Sarah Fast asked that Mr. Gelnar comment on the requirement of the national template for EQIP. According to Mr. Gelnar, there has been a push to create a national template for EQIP. This will create a consistent ranking system from state to state.

D. ELECTION OF OFFICERS

Scott Totten opened the floor for nominations for the position of Chair of the commission. Larry Furbeck nominated Elizabeth Brown. Kirby VanAusdall moved to cease the nominations and elect Mrs. Brown by acclimation.

Mr. Totten opened the floor for nominations for the position of Vice-chair of the commission. John Aylward nominated Larry Furbeck. Philip Luebbering seconded the nomination. Kirby VanAusdall moved to cease nominations. Leon Kreisler seconded Kirby VanAusdall's motion. The motion passed unanimously.

E. PLANNING - Continued

3. District Assistance Allocation

Jim Boschert presented a report on the District Assistance Grants Allocation to the commission so that they could use the information to assist with future planning decisions.

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The total of the FY05 budget for the Soil and Water Conservation Program is \$38,545,565. Of the total, \$1,261,992 is for the district benefit grant and \$6,650,000 is the district grant portion, which total \$7,911,992 or 20.5 percent of the total budget. The districts use these funds to help with personnel and operating expenses.

There was a \$500,000 expansion in FY03 in the district assistance grants to help bring all districts up to a base allocation of \$44,000. Of the total allocation, \$5,016,000 was used to provide the base allocation. Each district board divides their total allocation into the management services grant, the technical services grant and the administrative expenses grant.

The district employee benefit grant was started in FY01 to provide health insurance and retirement to district employees that work over 1,000 hours in a fiscal year. In FY02, an expansion brought the total amount to the current funding level of \$1,211,992. There has been an expansion requested in the amount of \$241,043 for the next fiscal year for the benefit grant.

The current funding level for the matching grant program is \$5,000 per district, which totals \$570,000.

Each district is eligible to receive funding from the above three areas. 86 percent of the total grants available through the district assistance grants is distributed to all 114 districts. The remaining 14 percent is either distributed by formula, designated for specific districts, or available through a competitive grant process.

\$804,000 of the allocation is distributed using a formula that was developed for an expansion in the grant in FY93. The formula considers the workload analysis, highly erodible acres, Conservation Reserve Program acres, and cost-share claims. When first used, 46 percent of the grant was divided using the formula. The funding distributed by the formula varied from district to district. When the base allocation was raised to \$44,000, less emphasis has been placed on the formula. Presently, 10 percent of the total grant is divided using the formula.

The remaining \$310,000 is made up of the information/education grant and the urban grant. The information/education grant has \$250,000 available and the urban grant has \$60,000. The \$60,000 is divided among the five districts with the highest population.

F. REVIEW/EVALUATION

1. District Assistance Section

a. Information/Education Grant

Jim Plassmeyer presented a review of the information/education grant. Mr. Plassmeyer also presented the recommendation by the review committee that was presented at the November meeting asking the commission if they wished to approve a call for proposals for FY06.

This program was started in FY04 as a competitive program between districts to fund new and innovative projects for the districts. To provide funding for these grants, \$250,000 was redirected from the Loan Interest-Share Program. The proposals received from districts are ranked by the review committee and then presented to the commission for approval.

Some of the program's guidelines and limitations are a limit of \$30 per person for grazing schools and a maximum of \$2,500 on LCD (PowerPoint) projectors. Proposals can be submitted for a maximum of three years with the second and third years' funding approved based on the progress after the first year. Salary is limited to \$10,000 per district per year and limited to no more than 30 percent of the total information/education program budget.

The recommendation that was presented in November was to require that the districts get a local representative from NRCS, Extension, and Missouri Department of Conservation (MDC) to sign the proposals. The reason for the recommendation was to ensure there is cooperation between the local partners and also because some of the staff with these agencies did not realize the districts are working on a project, which may need the support of these local agencies.

A suggestion from the committee was that it needs to be made clear to the districts that the partners should be agencies or individuals who will contribute financially and/or in-kind to make the project a success. Another suggestion that the review committee had was not to ask for any proposals with salary included. The reason for this was that in FY05 the multiple-year projects exhausted the commission's entire limit for salary before any new proposals were reviewed. For FY06, there are eight districts with salary in their budget that will be submitting progress reports to receive funding for the third and final year of the project. If the eight districts are approved for their third years of the project, the 30 percent limit on salary will be met.

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When asked about no salary, Mr. Plassmeyer answered that the review committee had a lot of concerns as far as salaries because any proposal that included salary were rejected at the beginning because the salary limit had already been met by the multi-year projects. When asked if the same committee would serve, Mr. Plassmeyer answered the same agency personnel including Commissioner Philip Luebbering if he wished to serve again. Mr. Luebbering stated he would.

Larry Furbeck made a motion to approve the call for FY 2006 proposals with the changes of having staff from NRCS, MDC, and Extension signing the proposals and not allow salary expenses to be included. Leon Kreisler seconded the motion. When asked by the chair, John Aylward, Larry Furbeck, Leon Kreisler, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

Mr. Plassmeyer informed the commission that in FY07 proposals with salary would be allowed, because FY06 will be the last year for eight projects. Mrs. Brown stated that the salary issue did not seem quite fair, when eight districts get all of it and the remaining do not. Mr. Luebbering stated they were the ones who presented their projects first in the first call. The commission was informed that a memo would be going out to the districts notifying them of the commission decision, and asking for new proposals by April.

G. APPEALS

1. Special Area Land Treatment (SALT)

- a. **Osage Landowners Group - Variance Request for Payment of Nutrient Management Claims Unable to be Technically Certified**
Davin Althoff presented a chronology of events relating to soil test documentation on various nutrient management claims paid in Osage County.

In July 2002, the NRCS State Office conducted a review of nutrient management documentation in the Osage Soil and Water Conservation District (SWCD) because program staff found a lack of documentation during a previous SALT project review. On August 15, 2002, the NRCS State Office sent a letter to the Linn Field Office in Osage County regarding the findings. The review found a lack of documentation of the completed nutrient management practices according to NRCS standards

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and specifications. On October 18, 2002, the Osage County staff replied to the letter from the NRCS. The letter included actions implemented to address the concerns found during the review. On September 4, 2003, program staff sent a letter to the Osage SWCD requiring the district to attach a copy of the full Nutrient Management Plan (NMP) to all future nutrient management claims. The decision was based on reported technical irregularities. On October 23, 2003, a claim was returned on a N633 Waste Utilization for Elmer Buhr an Osage County landowner. The dates on the soil test included with the claim were dated following the board's approval date of the initial cost-share application and claim. November 2003, an issue was presented to the commission during the meeting regarding an N633 Waste Utilization practice. Soil tests were not taken on a majority of the acres submitted for payment. Also, staff determined that an over-application of nitrogen and phosphorus occurred. On December 8, 2003, the commission took away the district's authority to approve new nutrient management applications due to persistent problems. On December 18, 2003, program staff with Commissioner Luebbering met with the district and the board to discuss corrective procedures that needed to be implemented regarding the various nutrient management practices. On December 24, 2003, program staff forwarded a letter to the Osage SWCD summarizing the meeting. The district was authorized to begin approving new applications for nutrient management. On April 1, 2004, program staff returned two N634 Manure Transfer claims back to the Osage SWCD. The nutrient management plans attached to the claims were not sufficient to approve the claims. The plans lacked soil test results, maps, setbacks, manure analysis, etc. Also in April 2004, staff found errors on an N590 Nutrient Management claim submitted for payment. The plan indicated on a couple of fields that no phosphorus had been applied. However, the fertilizer ticket had a guaranteed analysis, which included phosphorus. In June 2004, staff received several nutrient management claims. Staff processed the claims after the NRCS nutrient management planners reviewed the nutrient management plans.

On June 23, 2004, a group of 34 N590 Nutrient Management and N633 Waste Utilization claims were received. Staff found several inaccuracies on the fertilizer recommendation (fert rec) sheets. The fert rec program uses original soil test analysis to determine nutrient recommendations. The inaccuracies included dates, field numbers and names either changed or marked out. On July 12, 2004, staff contacted the Osage SWCD to request the original soil test for each field for each claim. On July 21, 2004, the former NRCS District Conservationist in Osage County replied

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with a letter stating the original soil test would be nearly impossible to produce. In July 2004, after contacting the University of Missouri Soils Lab, staff was informed that soil tests were archived back to March 1996. On August 5, 2004, staff drafted an official letter requesting the district to provide the original soil test for each claim. In August 2004, upon program staff request for the original soil tests, NRCS State and Area Offices initiated a review of the available documentation concerning nutrient management. Finally, September 29, 2004, following the review, the NRCS Area Office informed the Osage SWCD Board that only two of 34 claims could be certified according to NRCS specifications.

Ken Struempf presented a review of 32 Osage County nutrient management claims paid by program staff in FY04 as requested by the commission.

At the November 4, 2004 commission meeting, it was decided to have Osage SWCD conduct a comprehensive review of all nutrient management and waste utilization claims paid in FY04. Staff sent a letter to the district requesting all the original soil tests with the landowner's name and field number that matched the fert rec sheet for those claims processed in FY04. It was noted in the letter that it was important the landowners be informed that the nutrient management plan they followed might have been incorrect.

In a letter from the district, staff was informed that after the comprehensive review made by the district, only three of the 32 claims had a soil test analysis that matched the claim documentation. On five claims, the soil test information matched some of the fields and not other fields. On the other 23 claims reviewed, the district could not validate the proper soil test data with the nutrient management plans used for payment. The total cost of the claims in question was \$19,945.50. This is an average of \$767.00 per claim.

After the district performed the review, the landowners were notified in writing that the soil tests had been altered on their nutrient management plans. They were also notified that the commission was going to evaluate the situation and determine if further action would be needed.

According to commission rules, the commission could either request the money back on the claims that were paid, or grant a variance to the rules to allow the landowners to keep their payment.

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Mr. Struempf proceeded to review the commission rules on a variance and SALT rules.

The commission was informed that there was a letter from the district board stating the landowners were not aware the soil data and fertilization recommendations were incorrect. The letter also stated that many of the landowners did not have the knowledge to develop the complex nutrient management plans needed for these practices and would not have noted errors or discrepancies in the plans. The board requested a variance be granted and not request repayment of the claims. The letter also indicated that changes had been made to prevent documentation and technical problems with future claims.

In a letter from the landowners that received payments in FY04, it stated they had invested considerable money in equipment and materials, as well as time, to implement the nutrient management practices. The letter also stated the landowners had implemented the practices according to guidance provided by the Osage SWCD staff and certified by NRCS, so they had no reason to suspect the system was incorrect. It was also noted in the letter there was some concern with program staff making payment of claims even though they were aware of the issues. Mr. Struempf stated the staff worked closely with the NRCS staff involved in nutrient management planning and only made payment on claims when they were assured the claims were correct.

Mr. Struempf informed the commission there was another agenda item closely associated with the review of the nutrient management claim. That request was from the Osage County landowners for a variance to commission rules to make payment for the 31 additional SALT nutrient management claims for a total of \$27,401. The amount added the \$19,945.50 for the 28 paid claims total \$47,346 for the 59 claims in question.

It was noted that since October 2004, adequate documentation for one claim was found and it was processed for payment.

In a letter dated January 3, 2005, Mr. Chris Boeckmann, who represents the landowners in Osage County that were affected by the withdrawal of NRCS certification, requested a variance be granted. The letter also stated the landowners sincerely felt they acted in good faith according to technical guidance provided.

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Mr. Boeckmann stated in November the Osage SWCD requested the landowners come to the office to inform them of the issue, which was the first time they had known about the issue. They were informed about the altered soil documentation at that time. Mr. Boeckmann stated he had met with the Osage County SWCD board, Mr. Struempf, Mr. Althoff, and Mr. Dwaine Gelnar regarding the issue. Mr. Boeckmann reiterated they felt they had acted in good faith, and they were in contact with the district office. Mr. Boeckmann pointed out that at the meeting they had in November, the landowners stated they were willing to do what needs to be done to correct the nutrient management plans.

Mr. Steve Morfeld, chairman of the Osage County SWCD, stated he regretted the situation, and the errors were hard to find. The soil test data that was done by the University of Missouri came back to the district in a form with just a list of number and no names. An employee at the office had to take that data and put it in the computer to generate a soil test result, which was kept in the file. That information was used to create the nutrient management plan. To discover that one of the numbers might have been transposed, was difficult to find. Mr. Morfeld stated the district had taken steps to correct the issue, which included terminating the employee involved in the situation. Mr. Morfeld reiterated the landowners were not responsible for any of the irregularities. He stated the board would like to see new soil test data and get the correct plans for each farm. Finally, Mr. Morfeld stated he believed the right thing to do would be to grant the variance.

Elizabeth Brown stated, as a local board member, she appreciated Mr. Morfeld's position, because the board relies on the technicians to provide the right information. Larry Furbeck asked if he was correct in assuming there were actual soil tests taken and the error occurred when entering the data to create a plan. Mr. Morfeld answered that this had been where most of the errors occurred when the numbers were transposed. They have soil test data but it did not match the plans generated from the computer. When asked again about the soil tests being pulled, Mr. Morfeld stated the tests were done. When asked how many instances were no soil tests available, Mr. Morfeld stated he was not sure. Cindy DeOrenellis, the district manager in Osage County, stated they had tried to retrieve this information from the soil lab at MU but all the analysis they had available was very difficult to match, because a lot of them did not have names just code numbers. The district did not have the original code numbers. The tests were submitted, as far as she knew, to the lab and they received some they could verify and some they never could find documentation for. She

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stated she did not think that staff just developed fert rec sheets, as they had to start with some kind of an analysis. Somewhere they were changed. John Aylward asked how many of the landowners pulled their own soil tests, but Ms. DeOrenellis did not know. When she asked the landowners present, several raised their hands. She stated there were about 15 additional landowners that were not present. She knew some of them had pulled their own, because they would bring them to the office.

State Representative Tom Loehner stated the situation was brought to his attention about a week before the meeting. He informed the commission the landowners believed the information they were given was correct. Rep Loehner informed the commission he has been involved in several watershed projects of his own. According to Rep Loehner he had looked at the information he was given and he felt the landowners had acted in good faith, they did what they were told, and they invested money in equipment. Rep Loehner reiterated the landowners did what they were instructed or directed to do.

Philip Luebbering asked Dwaine Gelnar what NRCS found out when they looked into this. Mr. Gelnar answered that no one knows actually what happened, but it appeared that from the investigation there was enough blame to go around. NRCS identified some problems where they certified things that should not have been, but they could not determine there was any knowledge on their part where the information was changed. Mr. Gelnar informed the commission that some of the employees admitted they made changes, but none were NRCS employees. Mr. Gelnar reiterated that from what they found none of the landowners or board members knew of the alterations. Mr. Gelnar stated he thought there was a misconception of the people in Osage County as to what exactly nutrient management entailed. He was not sure the farmers, the board, or the district ever knew exactly what nutrient management and waste utilization required. He informed the commission that NRCS and program staff worked with the local people as far back as two years, and they should have been aware of the problem and changes made.

Mr. Boeckmann stated that in regard to what Mr. Gelnar said about meeting the landowners one-on-one to make sure they understood what was expected, Mr. Boeckmann stated he did not feel that was followed through on, and that may be where some of the problems came from. Leon Kreisler asked Mr. Boeckmann if he was aware of any landowner that knew that no soil test was taken, and Mr. Boeckmann stated he could not answer that he was aware of that. When Mr. Boeckmann asked the

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landowners that were present, there was indication that from some of the landowners that soil tests were taken.

Mrs. Brown stated the information provided helped the commission understand the confusion that took place.

John Aylward made a motion to table the issue. Larry Furbeck seconded the motion.

Mr. Luebbering stated that part of the reason for tabling the issue was the Attorney Generals Office had some legal issues to resolve. As a commission they like to help the landowners, but legal counsel needed more answers. Mrs. Brown stated the commission had received advice from their legal representative that they need to follow up on what happened.

When polled, John Aylward, Larry Furbeck, Leon Kreisler, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

Mr. Luebbering asked Zora Mulligan when she would have the information, and she indicated by the March commission meeting.

H. REVIEW/EVALUATION – Continued

1. Land Assistance Section

a. Cost-Share

1. Monthly Cost-Share Usage and Fund Status Report

Noland Farmer reported that districts had obligated \$15,600,000 of the \$24,000,000 for fiscal year 2005. This time last year, they had obligated \$17,100,000 of the \$23,100,000 that they were allocated. As of December 31, \$6,000,000 was claimed compared to \$7,100,000 in FY04 for the same time period.

It was projected that only \$20,000,000 of the funds allocated would be claimed, because it is unlikely that the entire amount allocated to the districts would be claimed. This projection was based on trends of previous years.

As of December 31, 2004, \$5,400,000 in claims had been processed, which was \$1,600,000 short of the projection.

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As of January 21, 2005, \$6,400,000 in claims had been received compared to \$7,600,000 last year.

2. District Assistance Section

a. Matching Grant Mid-Year Review.

Jim Plassmeyer presented a mid-year review of the FY05 Matching Grant Program. The intent of the Matching Grant Program is to provide an incentive for districts to develop local sources of funding for a 1:1 matching grant while stimulating new and/or continued local funding for programs and activities.

At the beginning of the fiscal year, each district has \$5,000 available to them for a 1:1 matching grant for which they need to submit proposals indicating how they wish to spend the money. After a proposal is approved, the district can purchase items submitted on the proposal and submit a claim against the matching grant. When the expense is claimed, the commission will match the expense dollar for dollar up to the maximum of \$5,000. Districts have until the end of the fiscal year to make purchases that are on the matching grant proposal and claims must also be submitted also during the fiscal year.

Matching grant proposals must be submitted by the end of January detailing how they are going to use the \$5,000 1:1 matching grant. In the past, the commission has released any unused funds and over-obligated funds to the districts on a first-come, first-served basis, after January 31.

For FY05, \$570,000 was allocated to the Matching Grant Program and the districts have obligated \$434,575. Matching grants are obligated in the following amounts: district operations and info/ed \$116,708; field equipment \$33,926; machinery with \$31,746, management personnel with \$102,950, technical personnel \$132,802; and info/ed personnel \$9,941. Of the \$570,000, there is still \$135,424 that has not been obligated by the districts.

In the years of 1993 through 1996 the commission did not over-obligate and the amount spent each year was in the middle or low 70 percent range. For the last eight years, the commission has over-obligated and the percentage claimed ranged from 81 percent in FY98 to 98 percent in FY02. In FY04, the proposals totaled \$665,883, which was \$85,883 more than what was available. Due to the additional proposed amount \$502,064 was claimed from the original budget of \$570,000.

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As of January 25, 2005, the districts had submitted additional matching grant proposals of approximately \$112,525. This amount is distributed between \$63,449 for personnel, \$11,575 for info/ed and office operation; \$33,050 for machinery and field equipment; and \$4,450 for office equipment.

When matching grants have been over-obligated and unobligated funds from the original allocation had been released, the amount claimed has been 90 percent.

When asked if there would be money left if the unobligated funds were released with a \$5,000 limit, Mr. Plassmeyer answered that last year there was about \$60,000 left in the fund that was not used. When asked if the districts had indicated how much more was needed, Mr. Plassmeyer answered that proposals had been received asking for an additional \$112,000 which is half of the additional release. He stated it would be hard to determine how much would be claimed, since it is on a reimbursement basis. In response to a question about first-come, first-served policy, if all the districts wanted additional funds, then Mr. Plassmeyer stated if \$4,000 was set, there would not be enough for every single district. If every district requested additional funds, there would only be approximately \$1,000 available for each district. Mr. Plassmeyer reiterated that several districts had already asked for the maximum of up to an additional \$5,000. When asked if some counties received the full amount, would other districts that wanted funds get nothing, Mr. Plassmeyer stated that could happen. Leon Kreisler asked about having a cut-off date, then divide the funds for those requests. Mr. Plassmeyer answered that was an option. Larry Furbeck stated that according to history, not all the funds had been used. John Aylward stated that Mr. Kreisler's suggestion was a good plan so all the funds would be used by setting a time limit and pro-rate the remaining funds. Philip Luebbering asked if the limit was increased would districts that applied have to up what they were going to spend, Mr. Plassmeyer answered that some might have to. Mr. Aylward asked what would happen if the claims exceeded the funds available. Mr. Plassmeyer answered that some of the other district assistance funds would be used to cover that obligation or the amount could be rolled-over to the next fiscal year.

Philip Luebbering made a motion to release the unobligated funds as of February 1 plus over-obligate an additional \$86,000 on a first-come, first-served basis until all funds are allocated while limiting each district to an

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additional \$5,000 1:1 matching grant. Kirby VanAusdall seconded the motion. When polled, John Aylward, Larry Furbeck, Leon Kreisler, Philip Luebbering, Kirby VanAusdall, and Elizabeth Brown voted in favor of the motion and the motion carried unanimously.

Mr. Plassmeyer informed the commission that he would keep track if any districts were turned down.

I. REPORTS

1. NRCS

Dwaine Gelnar informed the commission that NRCS had received a workable budget, with the anticipation of receiving additional funds from the Conservation Security Program. Some of the cutbacks were in travel and purchases. Mr. Gelnar indicated 2006 would probably be a more difficult budget year. Mr. Gelnar also reported the new NRI numbers are scheduled to be available by March 1.

2. MASWCD

Peggy Lemons reported that the Missouri Association of Soil & Water Conservation Districts (MASWCD) Education Seminar would March 9 and 10. There will be an evening meeting at the Capitol Plaza Hotel on the 9th and the morning of the 10th will at the Capitol Building visiting with legislators. Mrs. Lemons invited the commission attend. At the evening meeting, Senator Klindt and a few other legislators have been invited to talk about legislation.

Mrs. Lemons stated at the MASWCD Annual Meeting at the Training Conference, there was a new resolution policy procedure approved. From now on when resolutions are passed at the business meeting, MASWCD will work with program staff to describe what the resolution is requesting before it will be brought to the commission.

When asked if some would be vetoed before the commission would see them, Mrs. Lemons answered yes.

3. Missouri Department of Agriculture

Dan Engemann stated Agriculture had a new director, and deputy director, Fred Ferrell from Charleston, a crop and livestock farmer, and Matt Boatright from Pettis County, a livestock producer. Both are farmers, they understand, and have benefited from the programs of the commission and are supportive. Mr.

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Engemann added they both really want to work with the commission, and encouraged the commission to contact them with questions or problems that might arise.

4. Legislative

Bill Wilson presented an update on the Senate Joint Resolution 1 that was filed by State Senator David Klindt. The resolution modifies the constitution, upon voter approval, by resubmitting the Parks and Soils Sales Tax to voters every ten years, if approved. Mr. Wilson informed the commission that Vice Chair of the Commission Larry Furbeck had agreed to represent the commission at the hearing. The commission was given the web site to check-in on the status of the bill. Also provided was the text of the resolution.

5. Staff

Sarah Fast informed the commission that Governor Blunt named Former State Senator Doyle Childers as the Director of the Department of Natural Resources. Mr. Childers is from Southwest Missouri and had been active in water issues.

J. DATE OF NEXT MEETINGS

The date of the next commission meeting was set for Thursday, February 17, 2005, beginning at 8:30 at DNR Conference Center in the Bennett Springs/Roaring River room in Jefferson City, Missouri. The March meeting was tentatively scheduled for Thursday, March 17, 2005 at the Lincoln Farm in Jefferson City, Missouri. The tentative schedule for the May meeting is Tuesday, May 24.

When asked when the commission would get to tour the new Lewis and Clark Building, Sarah Fast stated it was planned for the February meeting at lunch. In response to a question about going out in the state for a meeting, Ms. Fast stated it was the commission's decision and she invited any suggestions from the commission.

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K. ADJOURNMENT

Larry Furbeck moved the meeting be adjourned. Kirby VanAusdall seconded the motion. Motion approved by consensus at 1:11 p.m.

Respectfully submitted,

Sarah E. Fast, Director
Soil and Water Conservation Program

Approved by:

Elizabeth Brown, Chairman
Missouri Soil & Water Districts Commission

/tm